



Wooing the Unbanked on Both Sides of the Border

By: Dave Grace, Financial Services Manager, World Council of Credit Unions

Throughout the United States, over 150 credit unions in 26 states are currently providing money transfers to 42 countries for recent immigrants via the World Council of Credit Union's (WOCCU) International Remittance Network (IRnet) service. The credit unions participating in the service seek to reach out to recent immigrants that are unbanked with needed financial services. With most immigrants still utilizing convenience stores and fringe banking entities when remitting funds; a strong credit union entrance into immigrant communities can ensure that immigrants have access to transaction accounts.



Not since the 1930's have immigration levels in the United States been at where they are today. However, unlike seven decades ago when most immigrants were coming from Europe, today most of the 28.4 million immigrants come from Latin America. While the countries of origin have changed, the immigrant work ethic in the U.S. remains well intact.

The Federal Reserve's 1998 Survey of Consumer Finances indicated that 9.5 percent of all families were unbanked. Unpublished data from the survey also showed that 36 percent of Latino and 38 percent of Asian families were unbanked. Subsequent studies indicate that 44 percent of all Latino immigrants or 6.38 million individuals are unbanked today. Immigrants, more than any other group in the United States, are disproportionately unbanked.

Relative to the rest of the nation, immigrants, and particularly immigrant Latinos, have lower incomes are less educated and are at least four times as likely to be unbanked compared to the general population.

In 2001, the number of Mexican nationals in the U.S. was approximately 8.4 million. Roughly 65 percent of these individuals send money home for education, health care and basic subsistence needs of family abroad and remittance flows from the U.S. to Mexico were approximately US\$9.3 billion in 2001. Unfortunately, the impact of these funds is dramatically reduced by the existing costs in the market for the sender and receivers. The total cost of remittances, including remittances, including the exchange loss to send \$300 to Mexico with Western Union is \$41. The young, poor and non-citizens are those Latino immigrants most frequently sending money home and also those immigrants that are most likely to be unbanked -- reaching recent immigrants and the unbanked are inextricably linked.

Turn the page for more information.

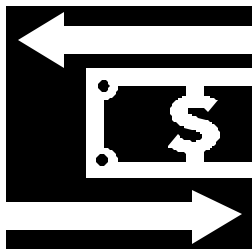


Have a great summer!

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Wooing the Unbanked on Both Sides of the Border (continued)



The average size of the transfers to Central America is \$300 and they often originate from immigrants in the U.S. that are living below the poverty line. IRnet pricing is \$10 to send up to \$1,000 and the money is available in minutes in Mexico, El Salvador, and Guatemala. IRnet does not charge foreign recipients any fee for picking up transfers and exchange rates are guaranteed and disclosed at the time of the transaction and consistently better than the competition.

Recipients of remittances in developing countries generally have low incomes and are discouraged from saving as a result of receiving funds at non-financial institutions or are not eligible to open accounts at banks disbursing the funds due to the prohibitively high minimum/opening balance requirements. By adding credit unions as distributors in developing countries WOCCU is seeking to change this. When individuals now receive funds at local credit unions, the transfer acts a tool to introduce individuals into the financial system for the first time. The latest data from credit unions in El Salvador is that 28 percent of the people receiving remittances are opening accounts in the local credit unions and it is their first financial account ever.

For more information about the IRnet service, contact Dave Grace, Financial Services Manager, World Council of Credit Unions at 608-231-8494 or dgrace@woccu.org.

"Is a credit union right for me?" Brochure in English & Spanish

By: NCUA Public & Congressional Affairs

NCUA unveiled the "Is a credit union right for me?" brochure on May 31. The brochure, printed in English and Spanish, is a brief introduction to credit unions and credit union membership.

"Providing bilingual resources for credit unions and their members is an important part of NCUA's effort in facilitating economic empowerment for folks from all walks of life," said NCUA Chairman Dennis Dollar. "We are especially pleased to add the Spanish-language version of this brochure to our other Spanish-language materials to benefit the millions of Spanish-speaking citizens in America. For many folks of all backgrounds, having access to the American Dream means having access to affordable financial services. We hope that through publications such as this, more people will have a better understanding of what partnering with a credit union can mean for their future, both individually as well as for the future of their communities."

Both versions of the brochure are available for download from the NCUA website at <http://www.ncua.gov/ref/b-isCUright4me/is-a-cu-right-for-me.htm> and may be ordered by calling NCUA's publications office at 703-518-6340. Printed brochures cost \$8 per 100.

Pictures from the Mississippi Credit Union System's Annual Mtg.



NCUA Region III office and the Office of Credit Union Development participated at the MS league's annual meeting. We would like to recognize the efforts of President Charles Elliott and VP Tom McWilliams in hosting a successful meeting.



Tips for Starting a Volunteer Income Tax Assistance Program*

By: Beckie Harrell, IRS Program Analyst



Are you thinking of establishing a VITA site* (e.g., at a credit union site) in your community? The first thing you may want to consider is the area in which you will establish your site. Is this an area where low-income, elderly, persons with disabilities or non-English speaking families reside? Is there adequate transportation to the site? Are there potential sponsors, groups or organizations in the area such as colleges, churches, professional associations, and businesses that would want to assist you in your efforts to establish a volunteer site? Now that you know your area and have a site in mind, it's time to recruit sponsors such as service organizations, colleges, schools, churches, stores, and state or local agencies that service community members, to assist with site. Solicitations can be made through flyers, newsletters, telephone calls, word of mouth, and the media.

Volunteer recruitment is next. It is important to recruit volunteers for many different positions for the site, such as screeners, greeters, tax preparers, site managers, and administrative duties. These volunteers can help a site run smoothly.

Training begins in the fall and can be scheduled with the local IRS Territory Manager or staff (e.g., Stakeholder Partnerships, Education and Communication). Orders for training materials and tax forms are submitted in the fall, and publicity begins.

After December, a list of VITA site locations and hours of operation should be distributed to organizations throughout the community and promoted through local mass media. Publicity efforts should be coordinated with the IRS Territory Manager or staff member. Media events might include a kick-off news conference at the VITA site, or feature story which focuses on a special volunteer. Promotion of the VITA site is important; therefore the VITA locations and hours of operations should continue to be publicized throughout the filing season. Hand out publicity flyers, two at a time, one for the taxpayer to keep and the other for them to share with a friend or co-worker. The key message is that the service is free.

Monitor the results throughout the filing season. Keep track of volunteer hours contributed, number of taxpayers serviced. This data can be used in follow-up media work and in thank you letters to volunteers, site hosts and sponsors. Advertising the numbers of families assisted and or the income brought back into the community will help bring in more sponsors the next filing season.

At the conclusion of filing season, recognition events for volunteers and sponsors are conducted. It is now time to review, evaluate and analyze the results with the local IRS Territory Manager or staff member. The last suggestion is to plan early for a successful VITA program.

Refer to page three for a VITA Program Timeline. For more information regarding the VITA program, contact either IRS Sr. Program Analyst Beverly Thomas at Beverly.Thomas@irs.gov or IRS Program Analyst Beckie Harrell at rebecca.harrell@irs.gov.

***Information regarding building credit union membership through the VITA Program can be accessed at the following links:**

<http://www.ncua.gov/org/orgchart/ocud/newsletters/SpecialEdition-IRS.pdf>
<http://www.ncua.gov/org/orgchart/ocud/newsletters/2001Oct31issue.pdf>

Timeline of Activities for VITA Campaign Partners

By: Beckie Harrell, IRS Program Analyst



Late Summer: Focus on Recruiting Volunteers and VITA sites

- ❖ Establish contact with either IRS Sr. Program Analyst Beverly Thomas at Beverly.Thomas@irs.gov or IRS Program Analyst Beckie Harrell at rebecca.harrell@irs.gov.
- ❖ Enlist service organizations, colleges, churches, professional associations, businesses and other groups to publicize volunteer opportunities through flyers, newsletters etc.
- ❖ Issue news releases and public service spots aimed at recruiting volunteers.
- ❖ Through the Territory Manager, arrange for potential volunteers to meet with IRS staff for an explanation of VITA training program and volunteer duties.
- ❖ Recruit organizations to host VITA sites and select locations.

Fall: Focus on Training, Scheduling and Publicity

- ❖ Coordinate VITA training classes with the Territory Manager.
- ❖ Determine schedule of operation and volunteer staffing pattern for each VITA site.
- ❖ Submit orders for IRS materials and tax forms to the Territory Manager.
- ❖ Begin planning media events and other filing season publicity.

Winter: Focus on Promotion

- ❖ Begin VITA training classes in December.
- ❖ Distribute list of VITA site locations and hours of operation to organizations throughout the community and to the IRS Territory Manager and promote sites through mass media.
- ❖ Coordinate publicity with the Territory Manager. (Media events might include a kick-off news conference at the VITA site. During the filing season, a feature story might focus on a special volunteer or a taxpayer that received the earned income credit.)

Throughout the Filing Season: Focus on Promotion and Monitoring Results

- ❖ Continue to publicize VITA locations and hours of operation.
- ❖ Keep track of volunteer hours contributed, number of taxpayers served, total amount of EITC claimed. Use data in follow-up media work and in thank-you letters to volunteers, site hosts, and funders.

Spring: Focus on Evaluation

- ❖ Conduct Thank You events for the volunteers.
- ❖ Review, evaluate and analyze the filing season accomplishments. Meet with the Territory Manager to discuss the results.
- ❖ Outline plans for next year.

Opportunities Offered by the Department of Treasury

Money Math: Lessons for Life

By: Christina Graff, Dept. of the Treasury, Philadelphia Office



Money Math: Lessons for Life is a FREE, four lesson curriculum supplement that uses real world personal financial scenarios to teach mathematical concepts and basic finance to students in grades 7-9. The Money Math lessons emphasize the application of math in savings, taxes, balancing budgets and home improvement projects. The kit contains reproducible activity sheets for students and incorporates the use of spreadsheets.

Developed to adhere to national math standards it is appropriate for any class, such as consumer science or social studies, or after school programs designed to teach practical financial or math skills to students in grades 7-9. A CD-ROM or book version of Money Math is available through an email request to: mon-eymath@bpd.treas.gov or download the lessons from www.savingsbonds.gov/sav/savlearn.htm. Write to Money Math: Lessons for Life, 200 Chestnut Street, Suite 231, Philadelphia, PA 19106, Tel: 215/597-2423. Or send a fax @ 215/597-2444.

U.S. Savings Bonds - The Benefits are Clear

By Vickie Martinson, Dept. of the Treasury, New Orleans Marketing Office



Issuing and redeeming Savings Bonds is an easy way for your credit union to provide additional service to your members and earn a handling fee from the U.S. Treasury. Savings Bonds have offered Americans a convenient and secure way to save since 1935. Available in eight denominations: \$50, \$75, \$100, \$200, \$500, \$1,000, \$5,000, and \$10,000, savings Bonds earn competitive rates of return, and complement member savings and investments.

Currently, the Series EE Savings Bond is earning 3.96 percent, and the Series I Bond, 2.57 percent. Interest is accrued monthly and compounded semi-annually for up to 30 years. A Savings Bonds is exempt from all state and local income taxes. Federal income taxes are deferred until the bonds reach final maturity, or when they are redeemed, whichever transaction comes first. And, if members qualify using Savings Bonds to pay for certain higher education expenses this may allow them partial to full exemption from federal taxes as well.

It's simple to qualify as an issuing and paying agent. Purchases and transactions are a keypunch operation with software now available. For every bond redeemed, credit unions receive a \$0.30 reimbursement fee. For every bond issued, credit unions receive a \$0.50 fee per paper order and \$0.85 fee per electronic order.

Savings Bonds can be an easy addition to your financial services portfolio. Simply contact your servicing Federal Reserve Bank or check out the Financial Services Internet site at: www.frb services.org or www.savingsbonds.gov.

Reminder: Please submit your comments, questions, and recommendations regarding this newsletter's articles, future articles or NCUA programs to:

National Credit Union Administration
Attn: OCUD/SCUP Newsletter
1775 Duke Street
Alexandria, VA 22314-3428



Credit Unions Participating in the IDA Marketplace

By: Steven Shepelwich and Melissa Koide, CFED

Individual Development Accounts (IDAs) are a nationally recognized savings vehicle for helping low-income people save and attain assets, including a home, an education, or a small business. Consisting of a matched savings account held at a local financial institution, IDAs encourage savings and asset accumulation by providing individuals with matches on their savings, ranging from \$.50 cents to \$4.00 on the dollar. These matches, which can come from a range of both private and public sources, provide accountholders with increased incentives to save and a quicker path to asset growth. Financial institutions also benefit from the match as it creates a larger, more stable account structure for an IDA program. Today, there are over 350 IDA programs, serving more than 10,000 accountholders nationwide.

Credit unions have taken a leading role in supporting the development of IDAs. Currently, more than fifty credit unions are involved in IDA programs across the country. Credit unions have found IDAs to be a useful tool for reaching out to new markets and meeting the asset-building needs of their low-wealth members. IDAs can offer the following benefits to credit unions and their members (refer to footnote below):

- Contribute to the credit union mission of "People Helping People."
- Reach new member groups and new markets
- Build more knowledgeable, and economically active members
- Develop cross-selling opportunities for other credit union products
- Adapt and extend existing products such as club account to new markets
- Provide a source of longer-term, stable funds through both member savings and matching funds accounts.

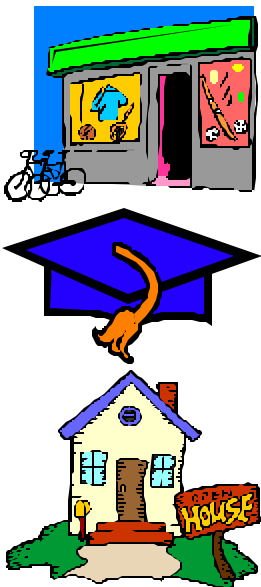
Help your members by offering an IDA program. Uses of IDA funds include startup costs for establishing businesses, education, and down payments for homes.

Credit unions have developed a range of innovative approaches to offering IDAs to their members. While some credit unions manage all aspects of an IDA program, such as recruitment, training, savings monitoring, and raising match funds, most credit unions partner with local community organizations to perform some of these tasks. Such a partnership allows both organizations to focus on their strengths in an effort to efficiently serve the IDA holder. In addition to community based partners, credit unions have tapped into a number of sources of matching funds, including state and federal government sources.

Recognizing the important role that financial institutions play in IDAs, the Corporation for Enterprise Development (CFED) has begun a focused effort to support their participation and increase the number of financial institutions engaged in IDAs. Over the past three years, CFED has undertaken a number of policy and program initiatives to bring financial institutions into the IDA arena, beginning with the development of federal legislation that provides financial institutions with a tax credit for matching and supporting IDAs. The tax credit legislation, introduced in February as a component of President Bush's Charity, Aid, Recovery, and Empowerment Act (S. 1924), is expected to be voted on by summer's end. Once enacted, an estimated \$1.7 billion will be available in tax credits for financial institutions, resulting in approximately 900,000 IDAs. CFED is working closely with credit union organizations to ensure that such legislation will benefit the credit union movement.

CFED, with support from the Ford Foundation, is carrying out a three-pronged initiative to support financial institutions in delivering IDAs. The first component involves creating an advisory group of financial institutions to ensure that the IDA tax credit, described above, is effectively developed and fully utilized by all sectors of financial institutions, including credit unions. The second component involves creating materials to assist financial institutions in developing and delivering IDAs. These products, including best-practices documents, how-to manuals, and an on-line website, will help financial institutions access the resources and information they need to participate in IDA programs. The final component involves developing a research agenda to explore new IDA products and delivery methods. The involvement of credit unions in these efforts is critical to ensuring that IDA products, programs and support services are developed so that all financial institutions may be able to participate in and benefit from them.

Credit unions are at the forefront of exciting developments in the IDA field. Leading with the credit union mission of building member wealth through thrift and the philosophy of 'People Helping People', credit unions have an important role to play in creating a system through which millions of low-income individuals are enabled to build assets for themselves, their families and their communities. Credit unions have shown that IDAs are an important tool to meet this goal. For information on how your credit union can begin an IDA program, or strengthen and expand your existing program, please contact Steve Shepelwich or Melissa Koide at 202-408-9877, or visit the Financial Institution Forum website at www.idanetwork.org/fi for additional information.



Individual Development Accounts Resources

By: Steven Shepelwich and Melissa Koide, CFED

Additional information on the following IDA resources is available on the IDA network at www.IDAnetwork.org.

www.IDAnetwork.org

The IDAnetwork is the primary clearinghouse for current and in-depth information on the IDA field. The IDAnetwork has resources specifically tailored to financial institutions, community organizations and funders involved in delivering IDA programs. Profiles of IDA activity in each state assist in finding local partners and resources.

ASSETS, A Quarterly Update for Innovators.

ASSETS highlights developments in IDA policy and practice with a focus on useful providing resources to practitioners. The newsletter is available in PDF format online and by subscription.

Building Assets: A Report on the Asset-Development and IDA Field

Author: Ray Boshara, Corporation for Enterprise Development. *Building Assets* brings together, in one report, the status of the asset development and IDA field - the theory, rationale, research, policy, and practice. A must-have for IDA advocates, this edition presents well-researched evidence about the positive effects of asset holding as well as analysis of the many theories upon which the IDA concept is based.

Individual Development Accounts for Youth: Lessons from an Emerging Field

Author: Inger Giuffrida, Corporation for Enterprise Development. *Individual Development Accounts for Youth* is the first attempt to document the activity in and lessons learned from the emerging youth IDA field. This report examines IDA programs as a tool for promoting long-term savings and investment behavior among youth. It is intended to provide baseline information about effective practices to IDA practitioners seeking to extend IDAs from adults to young people and to youth development practitioners looking for ways to incorporate asset building and financial literacy into their current services.

IDA State Policy Guide: Advancing Public Policies in Support of Individual Development Accounts

Authors: Karen Edwards, Center for Social Development and Carl Rist, Corporation for Enterprise Development. This informational toolkit for developing state policy in support of IDAs will aid those interested in proposing IDA legislation at the state level, encouraging state agencies to develop and fund IDA programs, or learning more about developing public IDA support. This guide includes the latest information on successful legislative strategies, IDA bill language, state and federal policy trends, resources, and more.

Contacts:

Steven Shepelwich or Melissa Koide

Corporation for Enterprise Development

777 North Capitol Street, NW Suite 800

Washington, DC 20002

Phone: 202.408.9788

Email: steve@cfed.org, melissa@cfed.org

About CFED

The Corporation for Enterprise Development (CFED) fosters widely shared and sustainable economic well-being. CFED promotes asset-building strategies and economic opportunity, primarily in low-income and distressed communities, that bring together community practice, public policy, and private markets in new and effective ways.

Additional IDA information can be found in recently released NCUA Legislative Update at <http://www.ncua.gov/news/legislation/107-ida.htm>.

**National Credit Union
Administration**

1775 Duke Street
Alexandria, VA 22314-3428

703-518-6610

